



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE KANSAS ECONOMY

The importance of small business to the state of Kansas is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Kansas had 65,155 businesses with employees; 97.2 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 134,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.6 percent to \$4.4 billion in 1997, while wage-and-salary income rose 7.0 percent. The state also exported \$5.1 billion of goods in 1997. (In 1992, 75.3 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 83,500 women-owned businesses in Kansas, including part-time firms, employing 160,900 people and generating \$20.2 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 43.5 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 32.5 percent from 1987 to 1992, totaling 3,078 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 55.5 percent during the same time period with 2,396 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,366 in 1987, to 1,842 in 1992, representing a 34.8 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 8.2 percent, while new business incorporations increased 10.8 percent. Financial difficulties leading to business bankruptcies decreased by 1.9 percent and business failures increased by 14.1 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Kansas decreased from 476 in 1994 to 408 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FIRST NB OF CONWAY SPRINGS	Conway Springs
PEOPLES B&TC	Mcpherson
FIRST NB	Palco
FIRST NB OF SCOTT CITY	Scott City
IOLA B&TC	Iola
CONSOLIDATED ST BK	Hill City
LEAVENWORTH NB&TC	Leavenworth
TRI-CTY NB	Washington
UNION ST BK	Arkansas City
UNITED NB	Natoma
BANK	Oberlin
FIRST NB OF WELLINGTON	Wellington
FARMERS & MRCH BK OF HILL CI	Hill City
FIRST NB&TC	Phillipsburg
FARMERS B&TC NA	Great Bend
CITIZENS ST BK OF MARYSVILLE	Marysville
SUNFLOWER BK NA	Salina
INTRUST BK NA	Wichita

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	15,736	17,939	13,926	29,516	(7,905)	69,212
Manufacturing	670	2,377	2,398	2,302	(2,959)	4,789
Retail Trade	2,519	2,813	2,954	1,368	(2,534)	7,120
Services	11,228	7,920	8,678	24,671	7,005	59,502
Other	1,319	4,828	(103)	1,174	(9,417)	(2,198)

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Kansas, followed by Eating & Drinking Places. The fastest growing industry for small business is Transportation Equipment (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	981,925	100.0	57.2
Health Services	8000	119,108	12.1	48.0
Eating & Drinking Places	5800	79,970	8.1	69.0
Business Services	7300	51,188	5.2	57.0
Transportation Equipment	3700	42,155	4.3	12.4
Wholesale Trade - Durable Goods	5000	41,036	4.2	72.7

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	561,236	100.0	57.2
Health Services	8000	57,205	12.1	48.0
Eating & Drinking Places	5800	55,143	8.1	69.0
Wholesale Trade - Durable Goods	5000	29,839	4.2	72.7
Business Services	7300	29,201	5.2	57.0
Special Trade Contractors	1700	28,897	3.1	93.9

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	561,236	17,577	3.1
Transportation Equipment	3700	5,242	1,215	23.2
Primary Metal Industries	3300	1,605	345	21.5
Chemicals & Allied Products	2800	2,017	271	13.4
Business Services	7300	29,201	3,740	12.8
Transportation Services	4700	2,238	241	10.8

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.